

Message Text

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ACTION L-03

INFO OCT-01 NEA-10 ISO-00 OES-07 ACDA-12 SS-15 SSO-00
NSCE-00 INRE-00 SOE-02 CIAE-00 INR-10 IO-13
NSAE-00 EB-08 NRC-05 DODE-00 DOE-15 SP-02 CEQ-01
/104 W

-----069208 271329Z /53

O R 271207Z APR 78
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC IMMEDIATE 8046
INFO DEPT OF ENERGY WASHDC

C O N F I D E N T I A L SECTION 1 OF 2 TEHRAN 04015

E.O. 11652: GDS
TAGS: MNUC, IAEC, ENRG, TECH, IR
SUBJ: US-IRAN NUCLEAR COOPERATION AGREEMENT

REF: STATE 103960

SUMMARY: PRESENTED FORMULATION OF MOST FAVORED NATIONS
PROVISION FOR NUCLEAR COOPERATION AGREEMENT TO AEOI MANZOOR
APRIL 26. MANZOOR OBJECTED TO LANGUAGE WHICH DEFINED AND/OR
LIMITED AREAS IN AGREEMENT TO WHICH MFN PROVISION APPLIED.
HE ALSO OBJECTED TO PHRASING WHICH LIMITED MFN TREATMENT
CONCERNING REPROCESSING TO SAME TIME FRAME AS APPROVAL FOR
ANY OTHER COOPERATING STATE AND ONLY TO APPROVALS SUBSEQUENT
TO DATE OF ENTRY INTO FORCE OF THE AGREEMENT. END SUMMARY.

1. DCM AND SCIATT MET AFTERNOON APRIL 26 WITH DR. MANZOOR,
AEOI VICE PRESIDENT, INTERNATIONAL AFFAIRS AND INFORMATION,
AND GAVE HIM FORMULATION OF MOST FAVORED NATION PROVISION
FOR NUCLEAR COOPERATION AGREEMENT IN ACCORDANCE WITH REFTEL
INSTRUCTIONS. AT OUTSET WE SAID THAT WE HOPED HE WOULD
FIND FORMULATION WAS IN ACCORDANCE WITH OUR DISCUSSIONS
WITH HIM IN VIENNA LAST FEBRUARY AND THAT WE COULD NOW
WRAP UP AGREED TEXT OF THE AGREEMENT. AFTER VERY CAREFUL
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READING OF THE TEXT OF OUR FORMULATION, MANZOOR SAID THAT
HE DID NOT THINK IT WOULD BE ACCEPTED. SPECIFICALLY WITH
REFERENCE TO THE FORMULATION INCLUDED IN PARA TWO REFTEL,
HE READ IT AS LIMITING AREAS IN WHICH GENERAL MFN PROVISION
WOULD APPLY. THIS, HE SAID, DID NOT ACCORD WITH HIS DIS-
CUSSIONS IN VIENNA. HE WENT ON TO EXPLAIN THAT HE HAD
INDEED IDENTIFIED THE AREAS NOTED IN OUR FORMULATION AS

THOSE IN WHICH IRAN HAD PRIMARY INTEREST IN THE CONTEXT OF ITS CURRENT NUCLEAR DEVELOPMENT PROGRAM. IN MENTIONING THEM, HOWEVER, HE HAD NOT INTENDED TO IMPLY THAT THESE WERE THE ONLY AREAS OF INTEREST TO IRAN AS FAR AS THE FUTURE WAS CONCERNED. HE SAID, FOR EXAMPLE, THAT IRAN'S NUCLEAR DEVELOPMENT PROGRAM, LIKE MANY OTHERS AROUND THE WORLD, WAS STILL IN THE PLANNING STAGE. IT WAS CONCEIVABLE, THEREFORE, THAT AS PLANNING WENT FORWARD IRAN MIGHT BECOME INTERESTED IN OTHER ASPECTS OF THE FUEL CYCLE OR OTHER COMMERCIAL APPLICATION OF NUCLEAR ENERGY. IRAN WANTED MFN TREATMENT NOT ONLY FOR THOSE AREAS OF CURRENT INTEREST BUT FOR ANY AREA THAT MIGHT BECOME OF INTEREST IN THE FUTURE. HE SAID THIS IS THE REASON THAT HE HAD URGED US IN THE MOST SINCERE WAY TO ADHERE TO THE IRANIAN FORMULATION HE HAD PRESENTED IN VIENNA WHICH WAS UNQUALIFIED WITHIN THE TERMS OF THE AGREEMENT IN EITHER SUBSTANCE OR TIME.

2. MANZOOR THEN TURNED TO THE FORMULATION PROVIDED IN PARA THREE OF REFTTEL. AGAIN HE PLEADED THAT THIS WAS NOT IN ACCORDANCE WITH HIS DISCUSSIONS IN VIENNA. HE SAID THAT WHILE HE UNDERSTOOD OUR CONCERNS AND THE REASONS FOR INSERTING LANGUAGE WHICH LIMITED THE APPLICATION OF THE MFN PROVISION INsofar AS IT CONCERNED REPROCESSING TO THE "SAME TIME FRAME" AS APPROVAL FOR OTHER COOPERATING STATES, THIS WOULD NOT MEET IRAN'S REQUIREMENTS. MANZOOR TOOK THE POSITION THAT AFTER STRENUOUS NEGOTIATION WITHIN THE GOI

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AND WITH US, AGREEMENT HAD FINALLY BEEN REACHED TO A SEQUENCE OF STEPS PRECEDING MFN TREATMENT FOR REPROCESSING; NAMELY INFCE PARTICIPATION, STORAGE OF SPENT FUEL, AND REVIEW OF OUR UNDERSTANDINGS RE DISPOSITION OF IRRADIATED SPENT NUCLEAR MATERIAL IN 1985. INVOKING THE MFN REPROCESSING PROVISION ONLY FOLLOWS AS A CONDITION OF LAST RESORT OR, AS HE PUT IT, "THE BOTTOM LINE." FURTHER, HE POINTED OUT, THAT IRAN'S NUCLEAR PROGRAM AND TECHNOLOGY ARE SIGNIFICANTLY BEHIND THOSE OF SOME OTHER COUNTRIES. HE WAS CONCERNED, THEREFORE, THAT WHILE REPROCESSING MAY BE TAKING PLACE IN OTHER COUNTRIES WITH U.S. AGREEMENT AND BEFORE ANY REPROCESSING NEED ARISES IN THE CASE OF IRAN, THE SITUATION MAY CHANGE SUBSEQUENTLY. THIS COULD RESULT IN REPROCESSING AGREEMENTS BEING TERMINATED AND IRAN BY THAT TIME HAVING A REPROCESSING NEED LEFT HOLDING THE BAG

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C O N F I D E N T I A L SECTION 2 OF 2 TEHRAN 4015

IT WOULD NOT WANT TO BE PENALIZED FOR BEING A LATER ENTRY
INTO THE NUCLEAR FIELD.

3. MANZOOR REMINDED US THAT THE SHAH HAD TOLD HIM AND
ETEMAD THAT HE WAS UNCONCERNED WITH THE DETAILS OF THE
AGREEMENT AS LONG AS IT CONTAINED A SUITABLY WORDED MFN
PROVISION. THE SHAH HAD UNDERSTOOD THAT HE HAD A COMMITMENT
FROM PRESIDENT CARTER THAT THIS WOULD BE THE CASE. THERE
HAD BEEN NO DISCUSSION OF THE MFN PROVISION BEING IN ANY
WAY LIMITED. HE WAS MOST ANXIOUS, THEREFORE, TO AVOID THE
NEED OF RETURNING TO THE SHAH FOR FURTHER INSTRUCTIONS.

4. COMMENT: WE ARE, OF COURSE, IN NO POSITION TO JUDGE
WHETHER MANZOOR'S RECOLLECTION OF THE DISCUSSIONS IN VIENNA
VARY FROM OUR OWN. IN HIS COMMENTS TO US, HOWEVER, HE
CHARACTERIZED THE DIFFERENCE IN VIEW AS ARISING FROM A
MISUNDERSTANDING, CERTAINLY THE POSITION HE TOOK WITH US IS
IN ACCORDANCE WITH EARLIER POSITIONS WITH WHICH WE ARE
FAMILIAR AND WITH WHAT WE UNDERSTAND WAS AGREED TO BY THE
PRESIDENT AND THE SHAH. IN LIGHT OF THIS IT IS REQUESTED
THAT WE BE AUTHORIZED TO GO BACK TO MANZOOR AND INDICATE A
WILLINGNESS TO DROP THE FIRST PARA OF OUR FORMULATION.
IF THIS IS NOT POSSIBLE IT IS RECOMMENDED THAT WE REFORMU-
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LATE THE FIRST PARA TO READ AS FOLLOWS: "IRAN REQUESTED
THAT THE COOPERATION PROVIDED FOR IN THE AGREEMENT WILL BE
IMPLEMENTED IN A MANNER THAT ASSURES RELIABLE FUEL SUPPLY,¹
EFFICIENT AND ECONOMIC OPERATION OF THE IRANIAN NUCLEAR
PROGRAM AND ENSURES THE EXCHANGE OF NUCLEAR TECHNOLOGY,¹
AND THAT SUCH COOPERATION WILL BE RESPONSIVE TO THE NEED

OF ITS PROGRAM." FURTHER IT IS REQUESTED THAT WE BE
AUTHORIZED TO DELETE THE PHRASE "FOR THE SAME TIME FRAMCE
WHEN IRAN NEEDS TO DISPOSE OF ITS SPENT FUEL" FROM PARA
THREE OF OUR FORMULATION.

5. PLEASE ADVISE.
SULLIVAN

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